

CITY OF MILPITAS
CITY ATTORNEY'S IMPARTIAL ANALYSIS
OF BALLOT MEASURE R
(Transient Occupancy Tax)

The City of Milpitas currently imposes a transient occupancy tax ("TOT"), also generally known as a "hotel" tax, at the rate of ten percent (10%) of rent paid by guests to a hotel operator in order to occupy a room or space in a hotel or similar lodging (referred to herein as a "hotel"). This TOT is imposed upon occupancy of a room or hotel space within the City, for dwelling, lodging, or sleeping purposes, for a period of thirty (30) consecutive days or less. The TOT currently provides approximately \$12,693,000 annually to the General Fund to pay for general City services and programs.

Measure R was placed on the ballot by the Milpitas City Council and, if approved by a majority of Milpitas voters, will amend the Municipal Code to increase the maximum TOT rate from ten percent (10%) to fourteen percent (14%) of the rent paid by guests to a hotel operator in order to occupy a room or space in a hotel. The tax rate set by Measure R can be increased or decreased by the City Council, provided it does not exceed the voter-approved maximum rate. It is anticipated that this rate increase will generate an additional \$5.1 million in estimated new revenues.

Measure R would be a "general tax." All revenue from this tax would be deposited into the City's General Fund and could be used for general City operations and services, including police enforcement, emergency response, parks, youth and senior services, and street repair. Pursuant to State Law, a "general tax" requires approval by a majority (over 50%) of the City's voters voting at an election.

A "yes" vote on Measure R will approve the TOT tax rate increase.

A "no" vote on Measure R will not approve the TOT tax rate increase.

The above statement is an impartial analysis of Measure R. If you desire a copy of the ordinance or measure, please call the City Clerk's office at (408) 586-3001 and a copy will be mailed at no cost to you.

/s/ Christopher J. Diaz, City Attorney